THE ASSOCIATION OF PRACTISING ACCOUNTANTS

The growth challenge

A survey of Owner Managed Businesses from the Association of Practising Accountants

September 2026

Introduction

The new Prime Minister, Andy Burnham, has talked powerfully about the need for ‘good growth in every postcode’ across the UK. Everything flows from this policy objective, because growth is the crucial component that will shrink the deficit and debt-to-GDP ratio, make the £100bn a year we spend on debt interest less crippling and get the economy back on its feet.

Successive administrations have failed in this task in part because of a failure to understand the needs of the Owner Managed Businesses that form the backbone of the UK economy. These entities have the potential to be powerful growth engines if supported in the right way. What is clear from our analysis is that Government policy in this area is currently poorly calibrated with what these businesses actually need. *97% of the Owner Managed Businesses who participated in our research rated Government support as either poor or very poor.*

There is a real opportunity to liberate this vital sector of the UK economy. For that to happen Owner Managed Businesses need to be given the structured support they need to drive growth.

Introduction

The Association of Practising Accountants (APA) is a Managing Partner led association of 20 leading business and professional advisory firms meeting the needs of Owner Managed Businesses across virtually every postcode in the UK. APA member firms collectively advise and support well over 14,000 of these entities from micro-SMEs to companies with turnover up to the hundreds of millions. Our clients produce goods and services which help drive jobs and growth across the UK and internationally.

We want these entities to play their part in getting the UK economy back on track. The analysis and recommendations that follow are intended to contribute towards a Government ‘reset’ in the way it supports this vital sector of the economy.

Methodology

Between May and July, the Association of Practising Accountants surveyed 272 Owner Managed Businesses across 15 sectors and 11 regions of the UK economy. Our analysis also builds on comparative data across 5 years of previous research we have undertaken across this sector.

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Headline findings – economic uncertainty, wage inflation and supply-chain pressures are the key challenges facing Owner Managed Businesses (OMBs)

- Uncertain trading conditions (40%) followed by wage inflation (20%) and supply-chain inflationary pressures (14%) were identified as the biggest challenges currently facing OMBs.

- Encouragingly labour shortages were only identified by 6% of respondents, down from 9% in 2025.

- However, 91% think labour costs will rise over the next 12 months, up from 84% in 2025.

- 88% of OMBs expect supply-chain costs to rise over the next 12 months, up from 82% in 2025.

Headline findings – Growth and capital investment are not priorities

- 32% of OMBs have growth as their main priority over the next 12 months, down from 37% in 2025.

- 68% of OMBs are unlikely to make significant capital investment in the next 12 months, up from 65% in 2025.

Headline findings – the impact of AI is beginning to be felt

- 23% of OMBs have used AI to reduce costs and/or increase output over the last 12 months.

Headline findings – Attitudes towards closer trading with Europe are mixed

- 49% of OMBs believe that the UK should rejoin the Customs Union against 30% who were against.
- 40% felt strengthening trading relations with Europe was more important than striking trade deals beyond Europe which 24% prioritised.

Headline findings – Confidence in Government support remains very low

- 97% of respondents rated Government support as poor or very poor against 90% in 2025.

A thematic snapshot of the views of Owner Managed Businesses

The following verbatim quotes from OMBs who participated in our survey provide a thematic snapshot of the challenges facing this sector:

Trade and investment

"The UK needs to focus on reducing energy costs and slashing red tape to trade with Europe."

"Many SMEs are focusing on resilience: strengthening balance sheets, diversifying revenue streams, and maintaining flexibility rather than pursuing aggressive growth. Overall, I'd say the next 12 months will favour SMEs that are disciplined on costs, clear on their strategy, and willing to adapt quickly to changing conditions."

"Fast growth and expansion into new territories is creating new hurdles (for our business)."

"Investment in people is at an all-time low. Globally, nationally and locally. This is due to uncertainty, a perception that it is a discretionary spend and a rapidly deteriorating global economy."

"Current government policy de-incentivises taking risk, vital for stimulation of growth and investment. It has never felt harder to own and run a business."

"Our business relies on export: please make trading with the EU easier again! And reduce the costs of employing people."

Operating costs / cash flow

"Almost all aspects of running an SME are under pressure from increasing supply chain costs…(through to) taxes, wage rates and employment compliance.”

"Whilst we are planning for growth our clients are facing financial pressures so there is resistance to fee increases even where these are just inflationary.”

"Unrealistic energy costs are killing businesses. Not enough is being done to stimulate trade. We need to create more and better paid jobs based on stimulating business growth. The current government do not understand real business. They need more experience in their departments of people who have operated businesses, so they think like us. It feels like we are pawns in a game they are trying out.”

"Overheads Keep Rising…Suppliers who I have traded with all my life are on their knees.”

“Increased supplier costs, particularly from the big IT corporations are very noticeable. coupled with increased labour costs including NI (make it hard) to maintain profitability. We see no sign of government policies targeting business growth.”

”The cost of living is affecting customer buying meaning reduced sales without the ability to increase prices.”

Employment costs and workforce regulation

"The NI and minimum wage increases have stalled hiring, destabilising many businesses. Combined with increased costs, energy prices, business rates, corporation tax etc and the potential rises in the cost of borrowing and interest rates it's a very gloomy picture."

”The impact of restrictions on skilled immigration drives up costs and reduces talent pools."

"Wage and employment cost increases make it impossible to take a risk on new employees."

"Finding good staff is very difficult even with industry leading salaries and excellent benefits."

"New employment rights have made us less willing to take a risk with new trainees or with other candidates changing career - this will be hampering employment and training for young people and the retraining of older candidates.”

"Change to labour laws – the unfair dismissal claim qualifying period dropping from 24 to six months, the removal of compensation cap (all)..add unnecessary expense and pressure."

”(We need) more support for apprentice employment."

Taxation

"Tax policy is fraught with inconsistency especially in relation to tax banding in income tax, stamp duty etc. This impedes growth."

"Businesses, especially SMEs, cannot be a tax cow for government."

"The government doesn't make it easy for small businesses. (From) increased rateable value taking SMEs into higher business rate brackets, (to) increased minimum wage and national insurance and increased fuel costs... so many businesses are going under."

"We're taxed to death everywhere and it's not sustainable."

"Complicated tax systems and compliance requirements (are a major issue)."

"R&D tax claims have become very laborious and expensive. This is a key support to innovative businesses and it is being withdrawn by stealth."

"The (current) tax regime is one of the biggest threats to small businesses like ours, along with an uncertain economic outlook caused by poor government policies and wider geo-political turmoil."

Government policy

"(There has been) no government support for businesses in our area. If this continues more businesses will become insolvent. A cut in vat would help businesses in our sector."

"Government is destroying UK SMEs…They support big multi-nationals and punish domestic small businesses through unrealistic and illogical taxation policies, misguided public spending…(and) appear solely focused on short term voter appeasement rather than doing what the UK business sector needs to help SMEs lift the UK out of an ever-worsening economic state."

"We lose a significant amount of time through compliance…on top of tax costs."

"Energy policy is deranged. Housing targets are laughable. Build cost inflation makes almost all development uneconomic…Government is populated with people with no understanding of business."

"There is currently no incentive to upscale business or to employ anyone. Draconian laws have made it harder for young people to thrive."

"Increased uncertainty stemming from the many seismic changes being introduced by Government in a short period of time (is a big issue)."

"Government policies are crippling the efforts of entrepreneurs."

Sector specific challenges

"A key concern is the financial success of our clients in the hospitality industry. Business rates, NMW, increased energy prices and inflation have all made it incredibly challenging to operate and many are going out of business as a result."

"A tax on fertilizer will make the arable sector unviable."

"Running any business is challenging and hard work. As dairy farmers we are price takers and, although we are one of the more efficient, we will still be in a negative cash flow situation for a significant portion of this year. Unfortunately, the Government do not seem to recognise any of this and just treat business as a cash cow to fund their profligacy. Increasing employment costs coupled with difficulties finding suitable staff does not make the job any easier and is one of the main reasons behind a decision to take the business in a different direction this year."

"Uncertainty over renters rights act & cost of building materials (are all constraining factors)."

"Government need to do something to reform our pharmacy contracts to stop the pharmacy closures we are seeing."

"The Land use strategy recently released by the Government is very poor.   To use 30% of land for nature is ridiculous. Most livestock farmers farm responsibly for food production alongside natural recovery."

"Government has completely failed to provide any support to the construction industry."

"Changes to the renters rights have made the residential element of our investments no longer viable so we are exiting that section of the market."

"Removal of the Single Farm Payment has wiped out our ability to invest in our business."

Conclusions and recommendations for policy makers

There is a real opportunity for Government to reset the relationship with Owner Managed Businesses across the UK. This is partly about specific policy and fiscal measures, but it is also about addressing a general loss of faith in the ability of successive Administrations to make life easier for SMEs and OMBs.

The aggregate regulatory impact of Government policy on these entities is now significantly out of kilter with what they can sustain and needs to be reduced. For example, policies such as the Employment Rights Act have made it more difficult for OMBs to employ staff. Significant recent increases in employment costs are disincentivising recruitment, creating a drag on growth. That 68% of businesses are unlikely to make significant capital investment in the next 12 months should be a real cause of concern to policy makers.

The recent creation of the Small Business Regulatory Taskforce is a welcome move – this Taskforce should be mandated to take a holistic view of the impact of Government policy on SMEs and OMBs and identify what measures can be taken in parallel with the introduction of any relevant new legislation to offset impact. To build back trust and confidence in the ability of Government to support SMEs and OMBs, deregulation should not be an after thought but a vital component of the growth agenda. More specifically these entities need:

- Greater fiscal incentives to unlock capital investment
- Closer alignment of modern apprenticeships with the needs of the real economy – for example through workplace readiness training alongside sector specific skills
- A reduction in VAT for the hospitality sector

Conclusions and recommendations for policy makers

- An easier, more user-friendly interface with HMRC – the jury is still out on Making Tax Digital
- Increased help and support with understanding current geopolitical uncertainty and what this is likely to mean in practical terms for SMEs and OMBs (for example help and support managing fuel costs)
- Off-set measures specifically designed to help SMEs and OMBs deal with increased labour costs over the next 12-18 months

More broadly, OMBs want Government to:

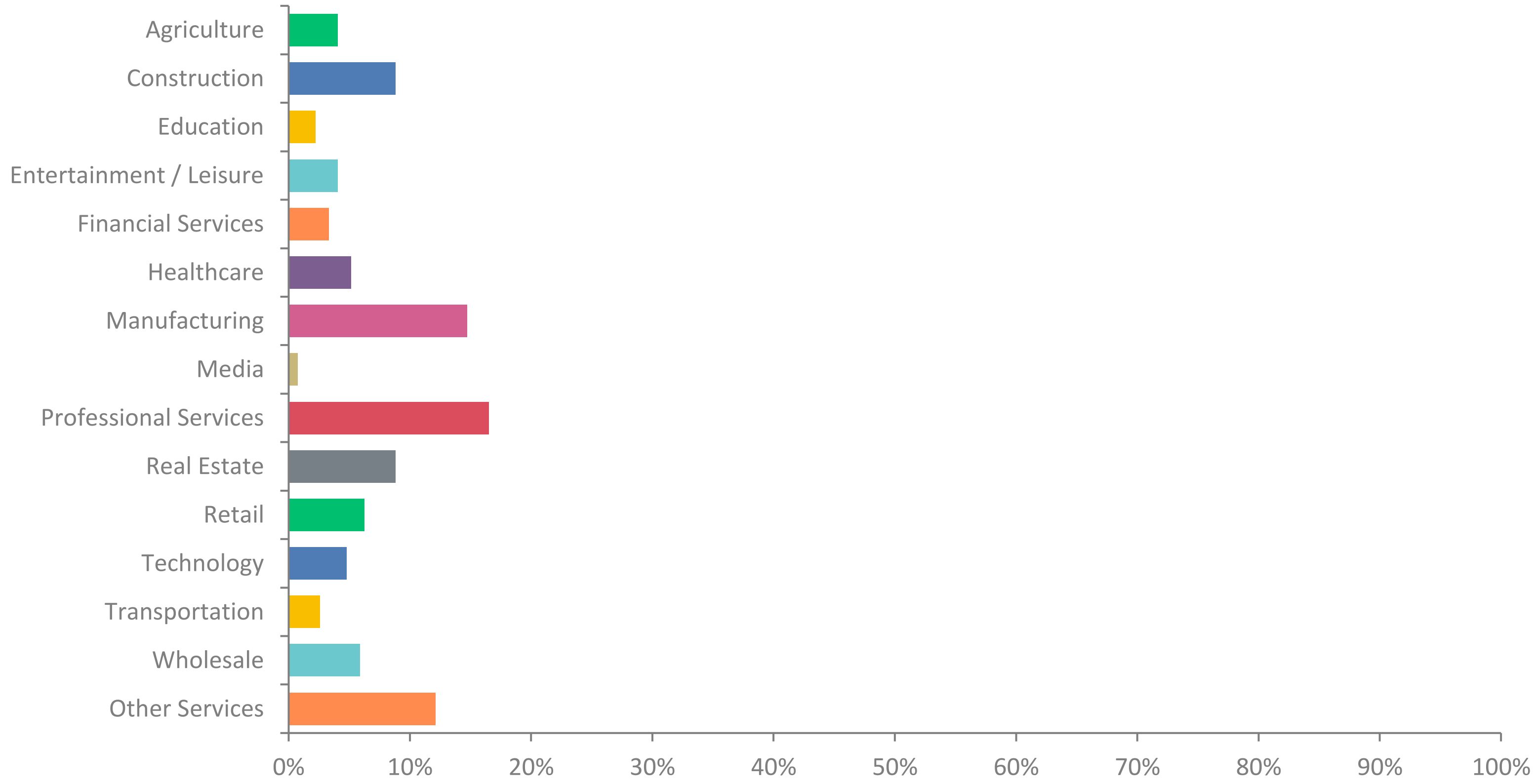
- Take a more realistic view of our future trading relations with Europe and outside Europe recognising that labour shortages coupled with an altogether more challenging export environment pose a real threat to long term growth.
- Recognise that uncertainty remains across many sectors of the economy and that businesses want reassurance as well as clear and unambiguous advice and support.
- Adopt a flexible approach to business policy which recognises the many challenges facing Business Owners.

The APA is committed to working with Government to build a regulatory and policy climate that enables OMBs to thrive.

Detailed findings

Q1: How would you classify your business by sector?

Answered: 272 Skipped: 0



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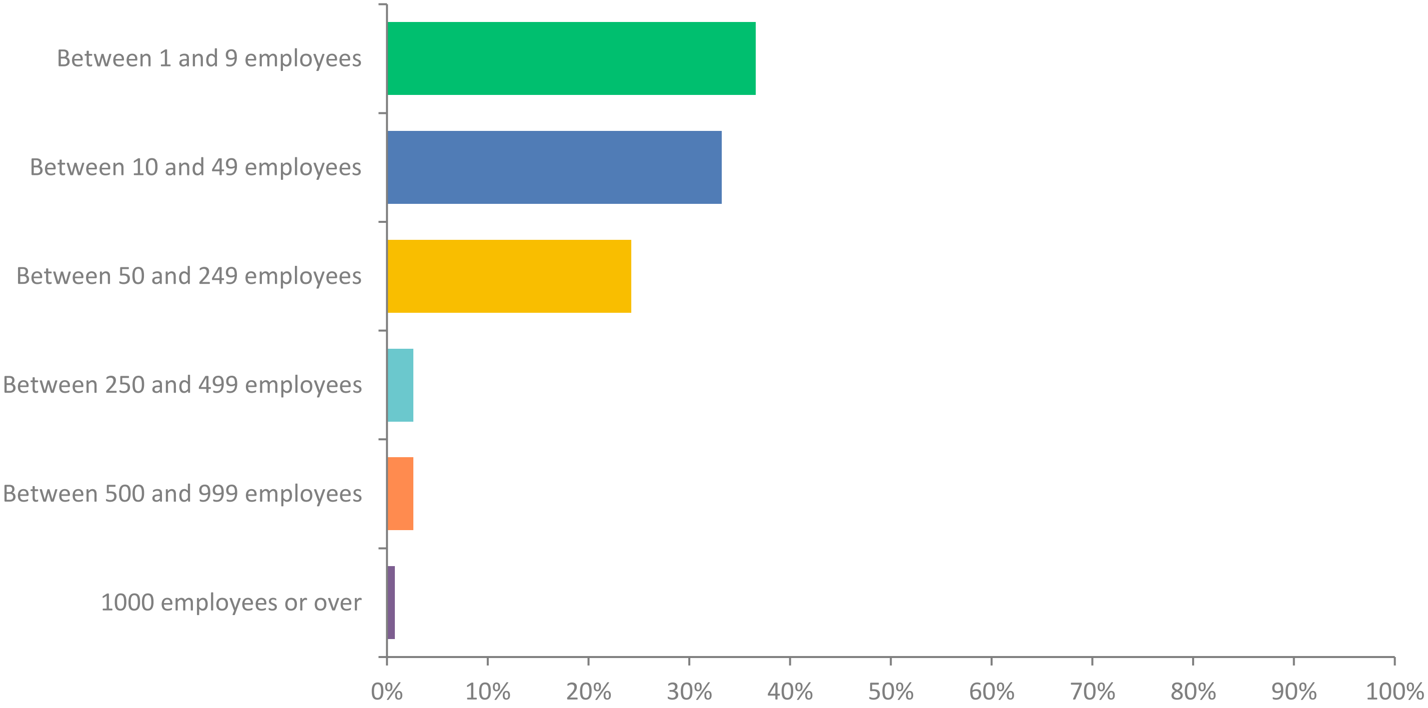
Q1: How would you classify your business by sector?

Answered: 272 Skipped: 0

ANSWER CHOICES	RESPONSES	
Agriculture	4.04%	11
Construction	8.82%	24
Education	2.21%	6
Entertainment / Leisure	4.04%	11
Financial Services	3.31%	9
Healthcare	5.15%	14
Manufacturing	14.71%	40
Media	0.74%	2
Professional Services	16.54%	45
Real Estate	8.82%	24
Retail	6.25%	17
Technology	4.78%	13
Transportation	2.57%	7
Wholesale	5.88%	16
Other Services	12.13%	33
TOTAL		272

Q2: What size is your business?

Answered: 268 Skipped: 4



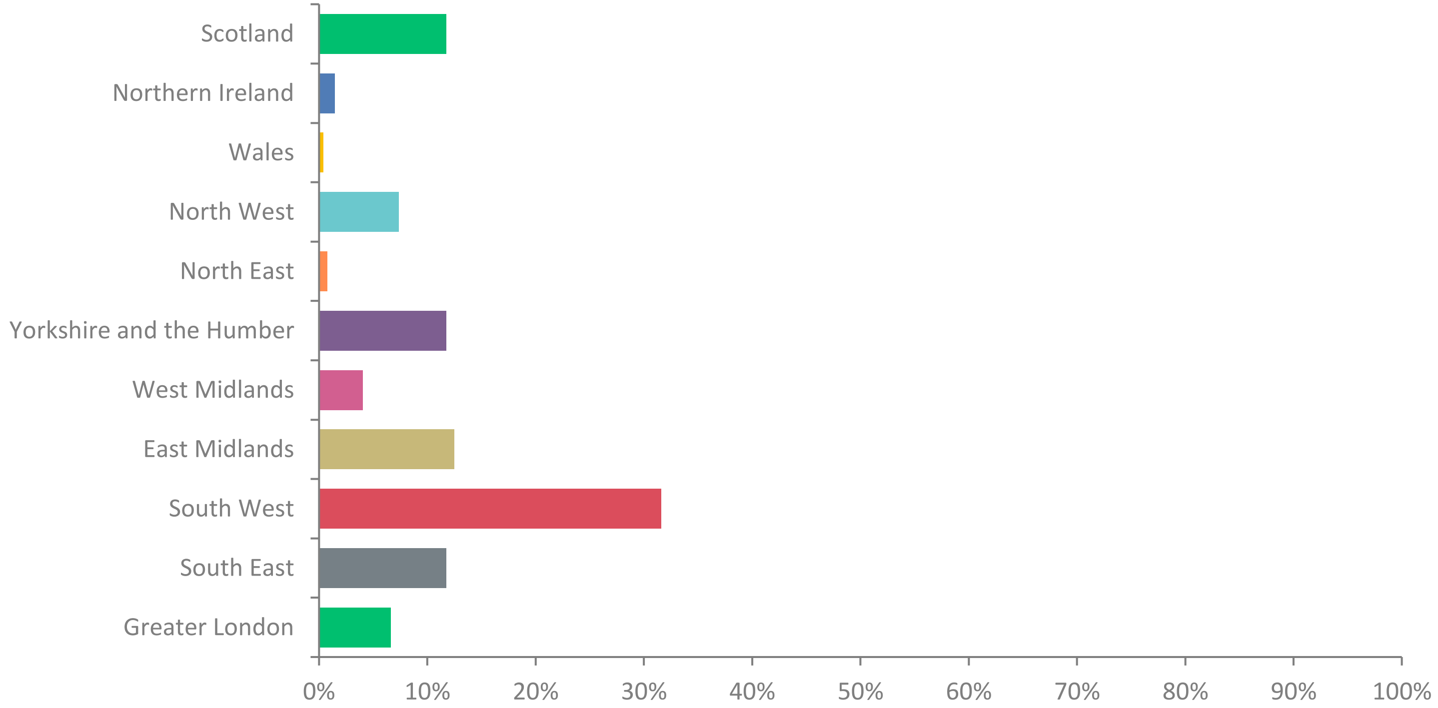
Q2: What size is your business?

Answered: 268 Skipped: 4

ANSWER CHOICES	RESPONSES	
Between 1 and 9 employees	36.57%	98
Between 10 and 49 employees	33.21%	89
Between 50 and 249 employees	24.25%	65
Between 250 and 499 employees	2.61%	7
Between 500 and 999 employees	2.61%	7
1000 employees or over	0.75%	2
TOTAL		268

Q3: In which region of the UK are you headquartered?

Answered: 272 Skipped: 0



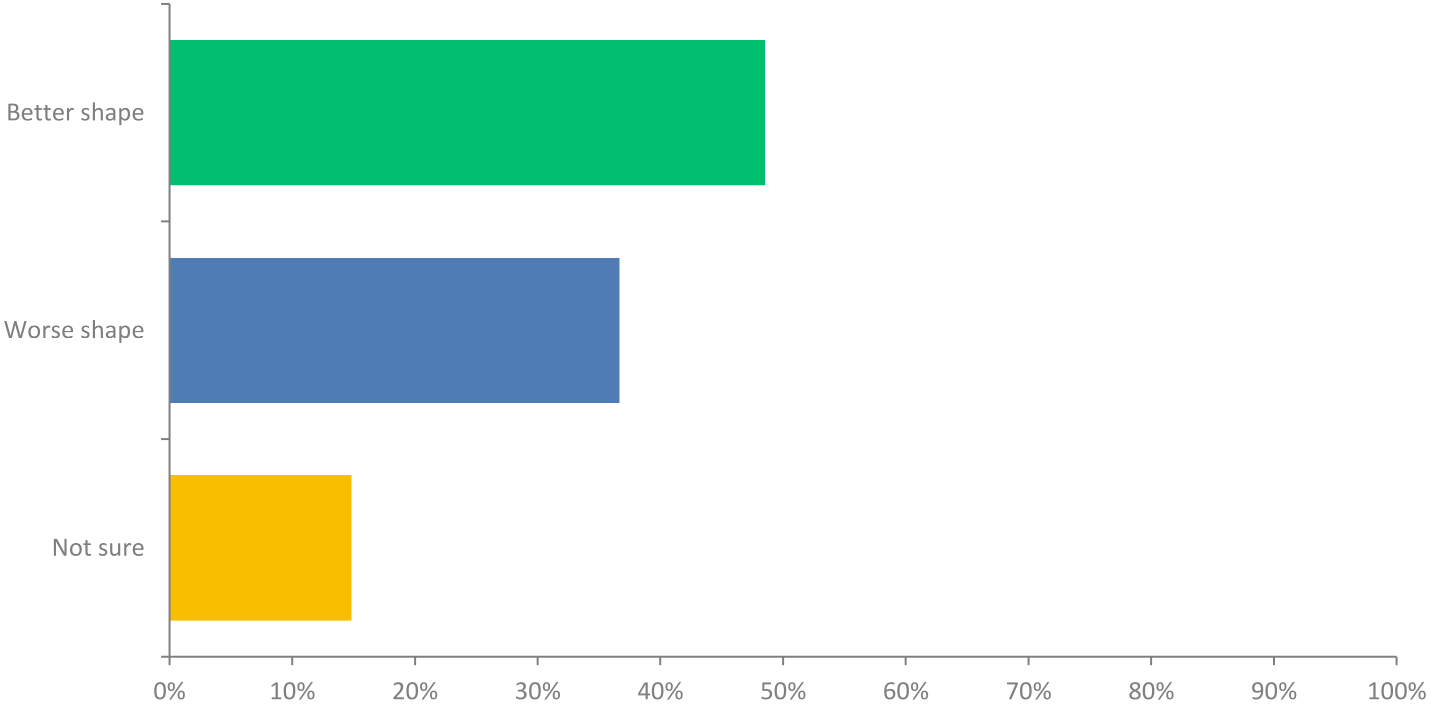
Q3: In which region of the UK are you headquartered?

Answered: 272 Skipped: 0

ANSWER CHOICES	RESPONSES	
Scotland	11.76%	32
Northern Ireland	1.47%	4
Wales	0.37%	1
North West	7.35%	20
North East	0.74%	2
Yorkshire and the Humber	11.76%	32
West Midlands	4.04%	11
East Midlands	12.50%	34
South West	31.62%	86
South East	11.76%	32
Greater London	6.62%	18
TOTAL		272

Q4: Is your business in better or worse shape now than 12 months ago?

Answered: 270 Skipped: 2



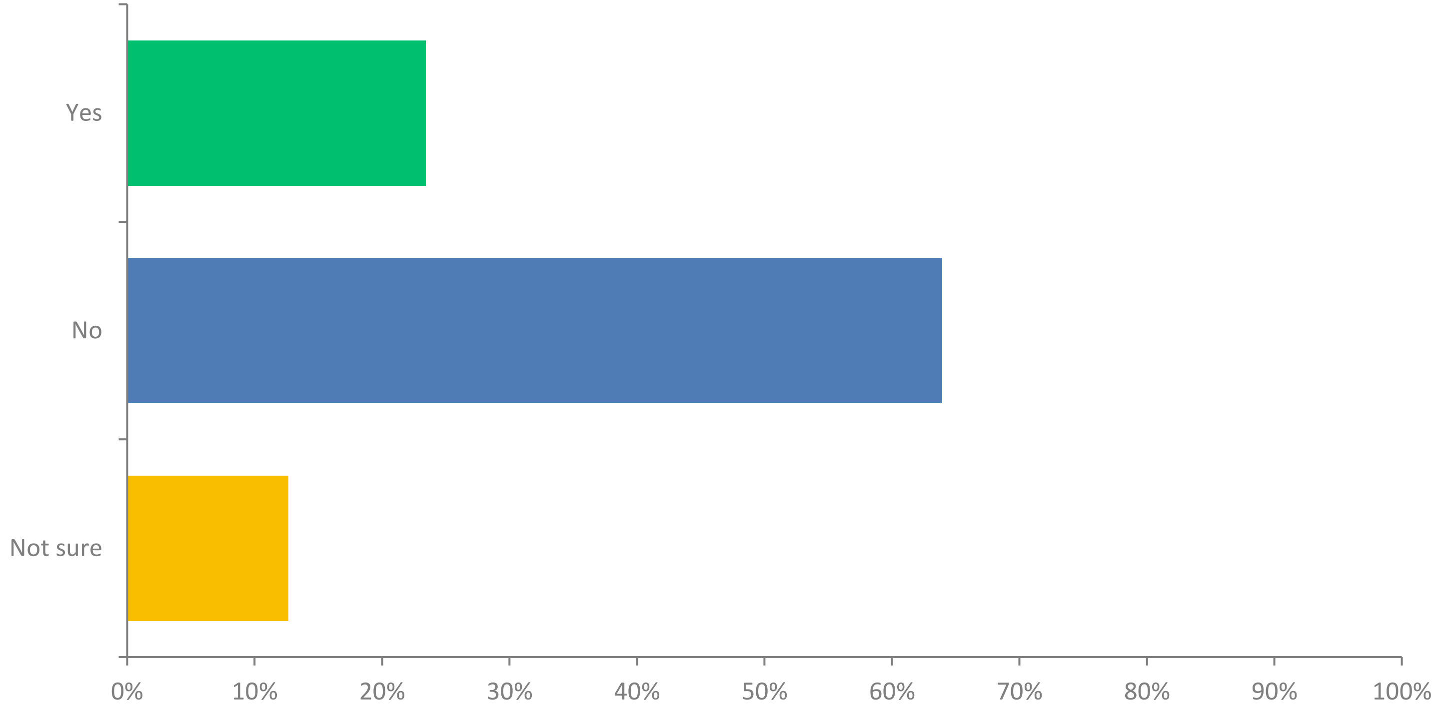
Q4: Is your business in better or worse shape now than 12 months ago?

Answered: 270 Skipped: 2

ANSWER CHOICES	RESPONSES	
Better shape	48.52%	131
Worse shape	36.67%	99
Not sure	14.81%	40
TOTAL		270

Q5: Has Artificial Intelligence enabled you to reduce costs or increase output (or both) as a business over the last 12 months?

Answered: 269 Skipped: 3



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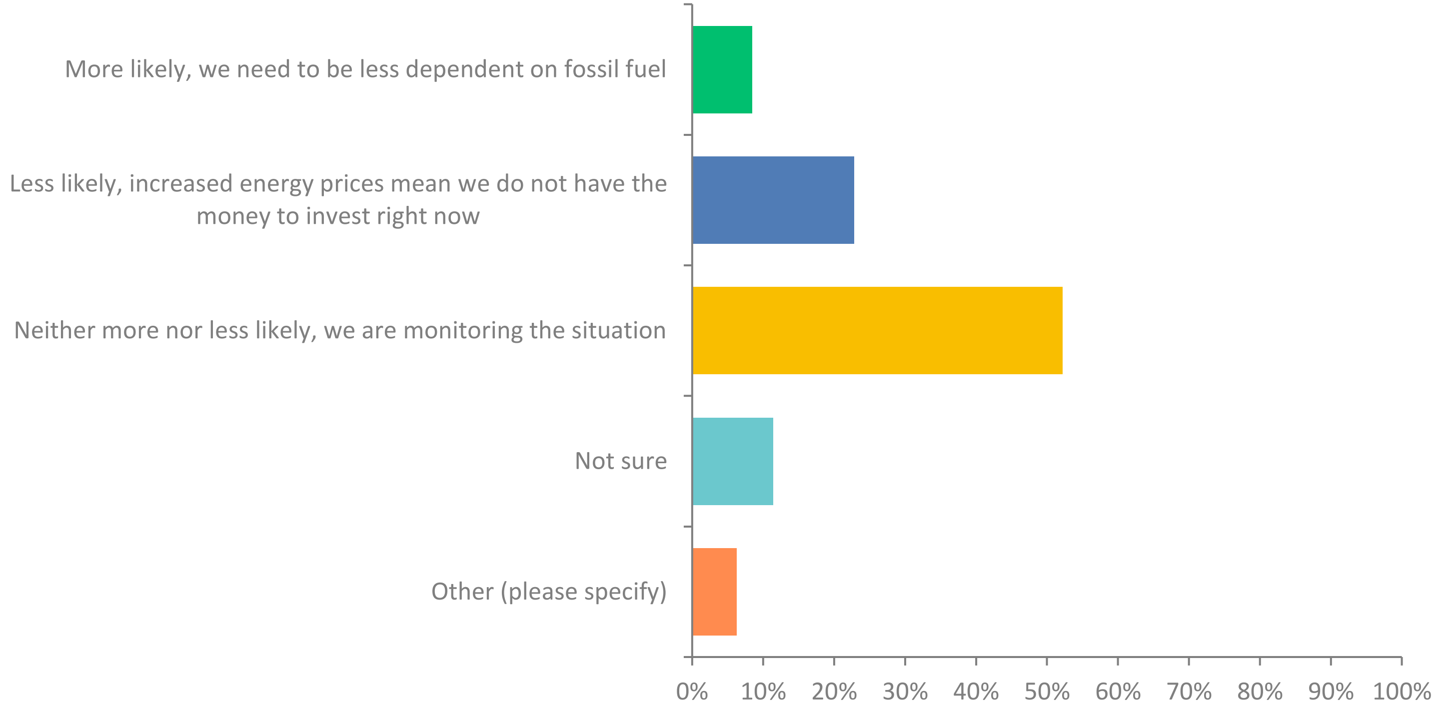
Q5: Has Artificial Intelligence enabled you to reduce costs or increase output (or both) as a business over the last 12 months?

Answered: 269 Skipped: 3

ANSWER CHOICES	RESPONSES	
Yes	23.42%	63
No	63.94%	172
Not sure	12.64%	34
TOTAL		269

Q6: Has the recent energy shock made it more or less likely you will accelerate investment in low carbon over the next 12 months?

Answered: 272 Skipped: 0



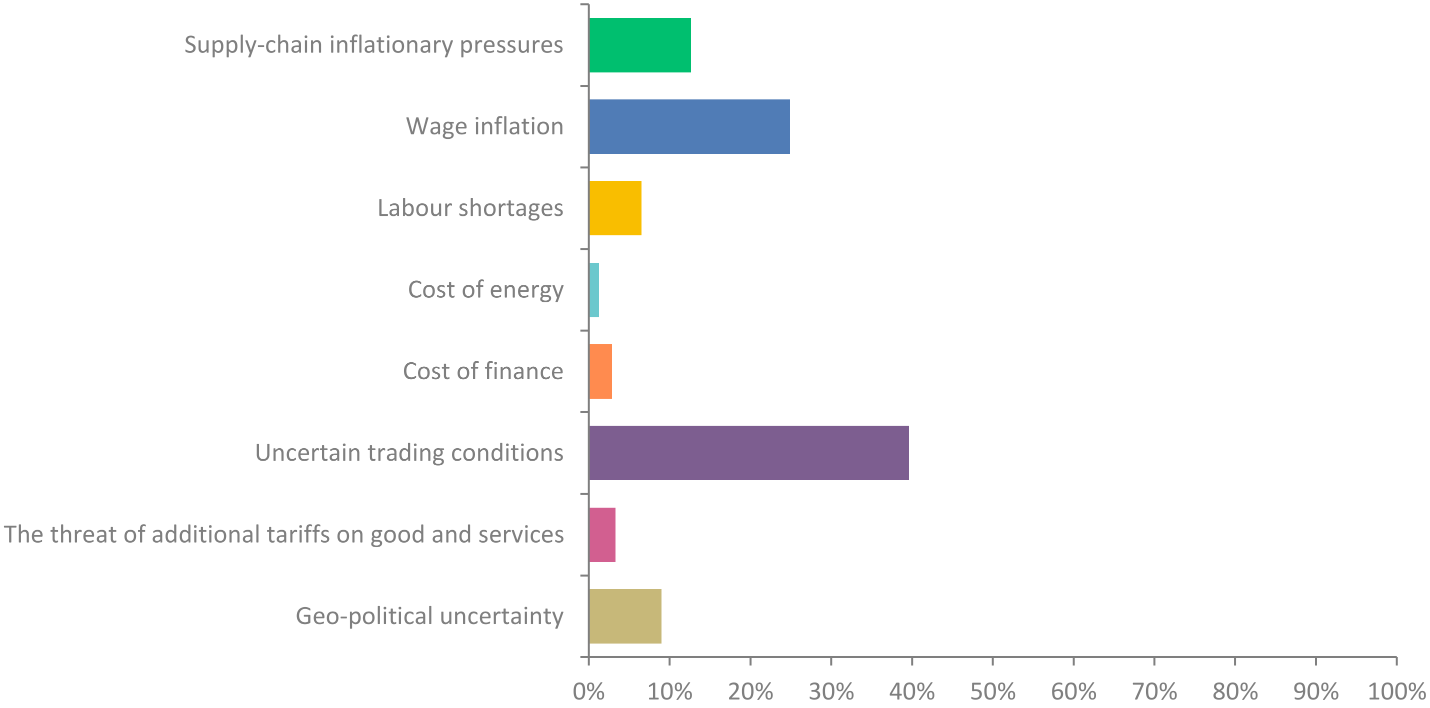
Q6: Has the recent energy shock made it more or less likely you will accelerate investment in low carbon over the next 12 months?

Answered: 272 Skipped: 0

ANSWER CHOICES	RESPONSES	
More likely, we need to be less dependent on fossil fuel	8.46%	23
Less likely, increased energy prices mean we do not have the money to invest right now	22.79%	62
Neither more nor less likely, we are monitoring the situation	52.21%	142
Not sure	11.40%	31
Other (please specify)	6.25%	17
TOTAL		275

Q7: What is the biggest challenge you currently face as a business?

Answered: 245 Skipped: 27



Q7: What is the biggest challenge you currently face as a business?

Answered: 245   Skipped: 27

ANSWER CHOICES	RESPONSES	
Supply-chain inflationary pressures	12.65%	31
Wage inflation	24.90%	61
Labour shortages	6.53%	16
Cost of energy	1.22%	3
Cost of finance	2.86%	7
Uncertain trading conditions	39.59%	97
The threat of additional tariffs on good and services	3.27%	8
Geo-political uncertainty	8.98%	22
TOTAL		245

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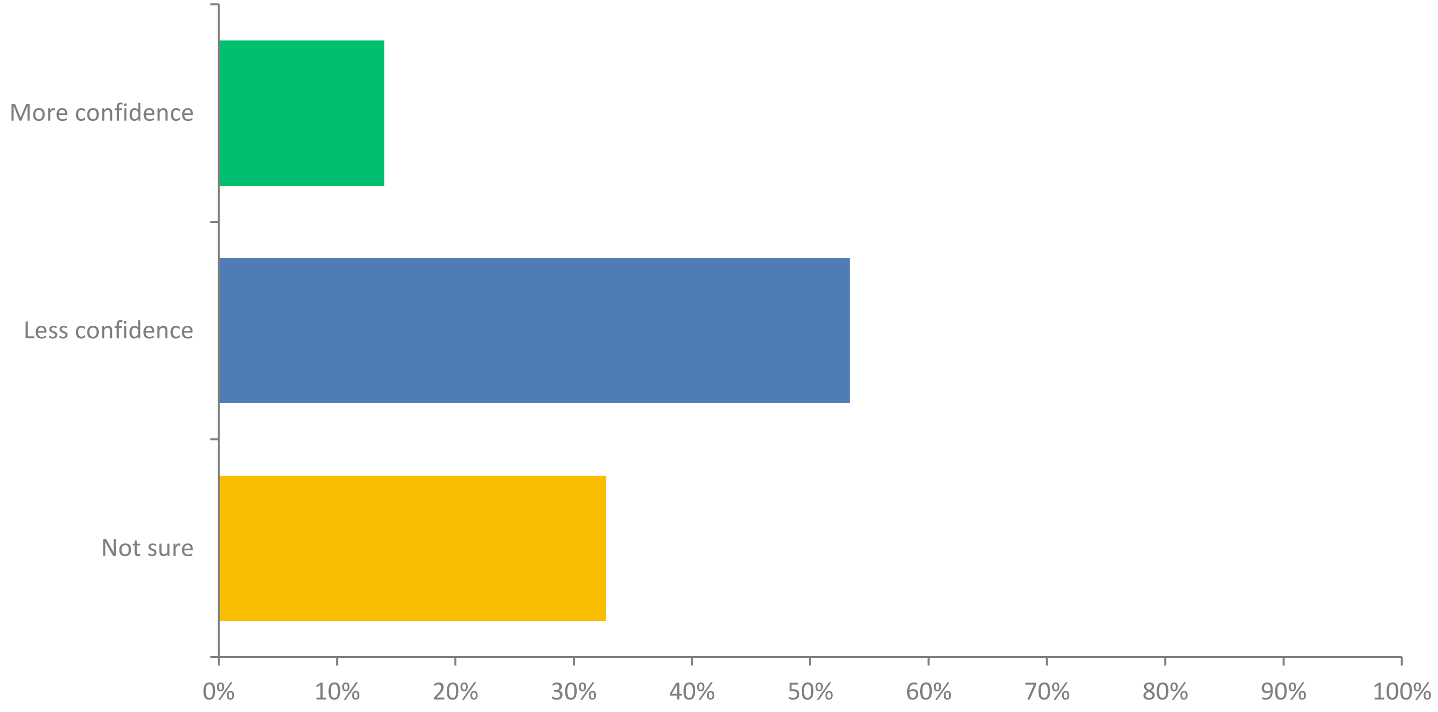
Q8: Do you currently have more or less confidence in the resilience of your supply chain than 12 months ago?

Answered: 272 Skipped: 0



Q8: Do you currently have more or less confidence in the resilience of your supply chain than 12 months ago?

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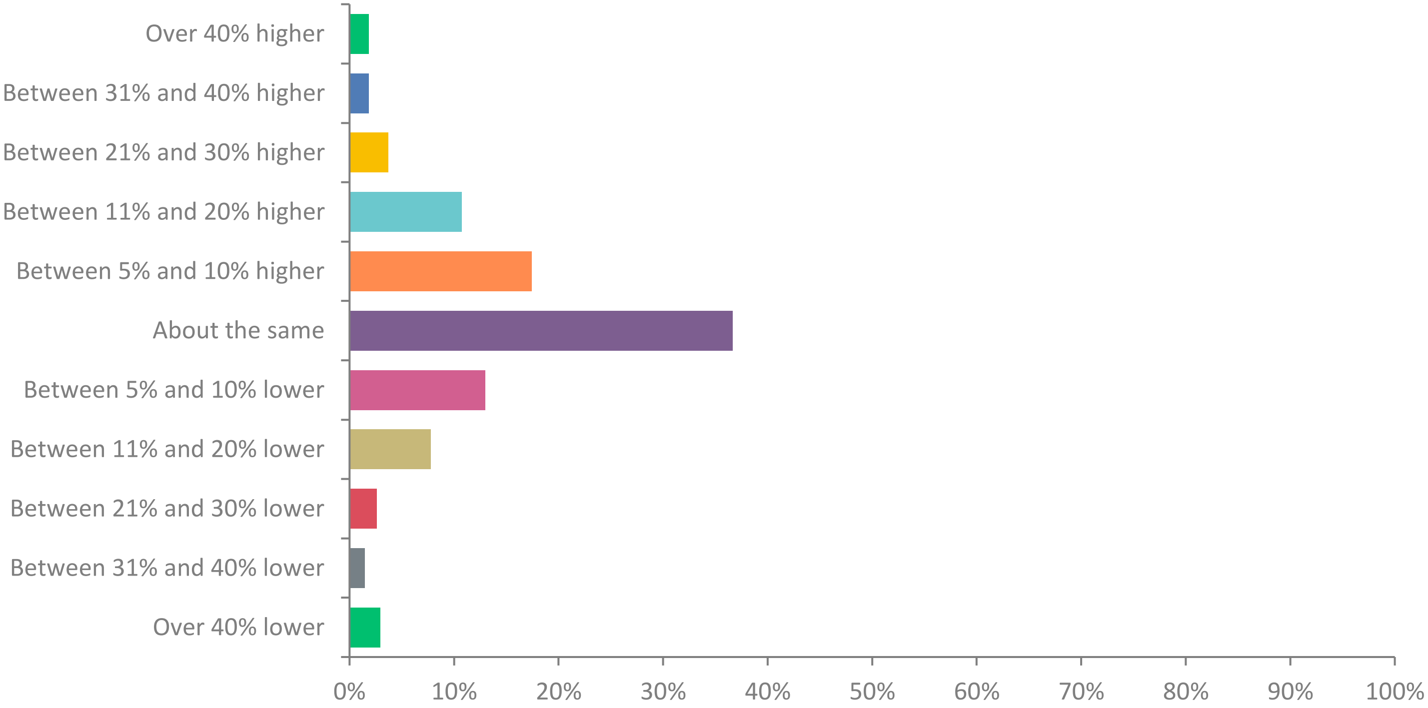
Answered: 272 Skipped: 0

ANSWER CHOICES	RESPONSES	
More confidence	13.97%	38
Less confidence	53.31%	145
Not sure	32.72%	89
TOTAL		272

Q9: What do you anticipate your turnover to be in 2026 relative to last year?

Answered: 270 Skipped: 2



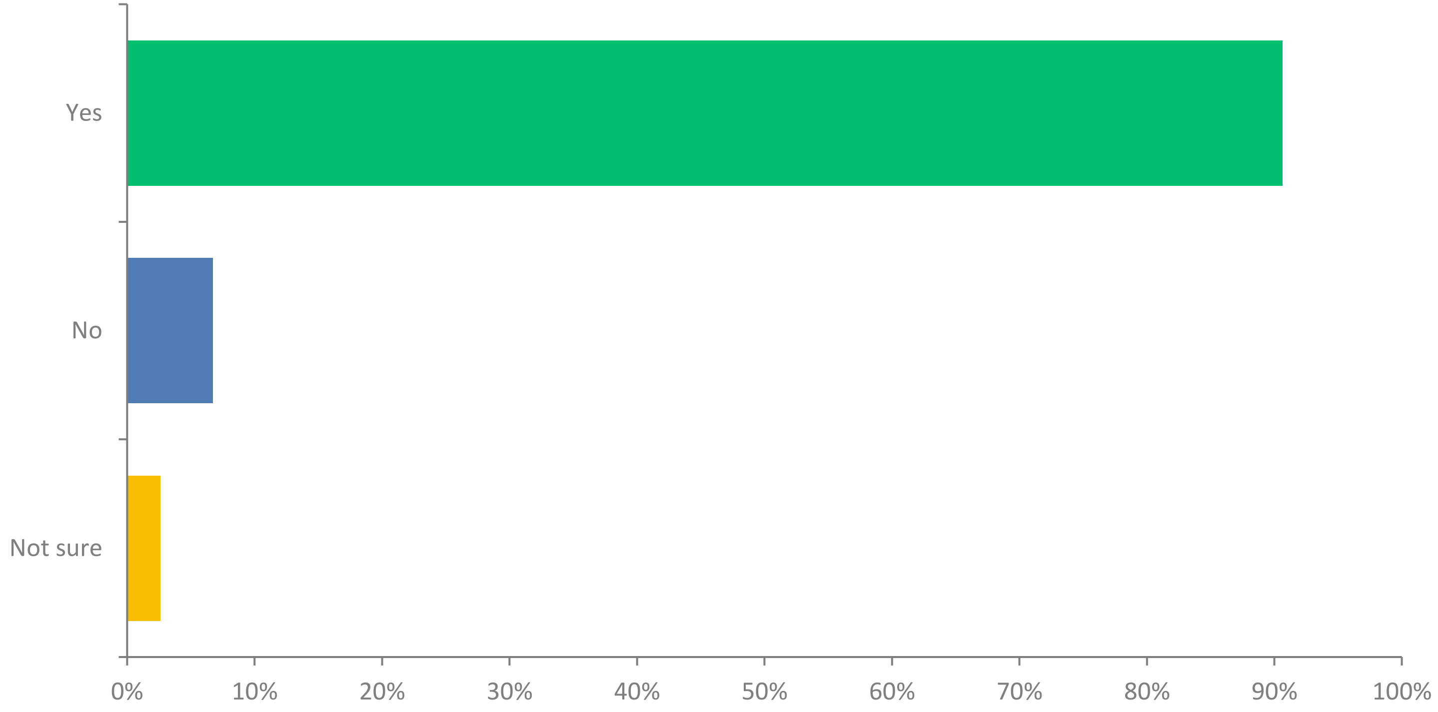
Q9: What do you anticipate your turnover to be in 2026 relative to last year?

Answered: 270 Skipped: 2

ANSWER CHOICES	RESPONSES	
Over 40% higher	1.85%	5
Between 31% and 40% higher	1.85%	5
Between 21% and 30% higher	3.70%	10
Between 11% and 20% higher	10.74%	29
Between 5% and 10% higher	17.41%	47
About the same	36.67%	99
Between 5% and 10% lower	12.96%	35
Between 11% and 20% lower	7.78%	21
Between 21% and 30% lower	2.59%	7
Between 31% and 40% lower	1.48%	4
Over 40% lower	2.96%	8
TOTAL		270

Q10: Do you anticipate that labour costs will rise in the next 12 months?

Answered: 267 Skipped: 5



Q10: Do you anticipate that labour costs will rise in the next 12 months?

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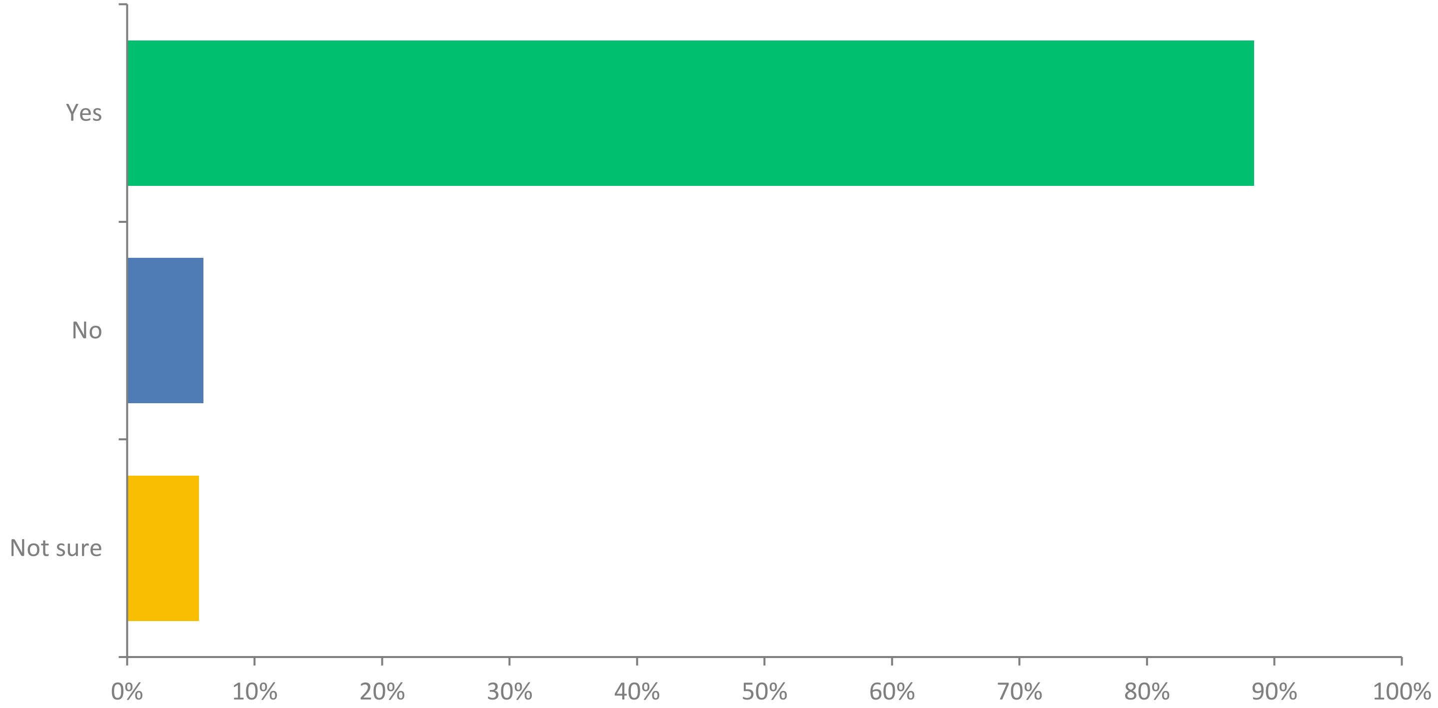
Answered: 267 Skipped: 5

ANSWER CHOICES	RESPONSES	
Yes	90.64%	242
No	6.74%	18
Not sure	2.62%	7
TOTAL		267

Q11: Do you anticipate supply-chain costs will rise in the next 12 months?

Answered: 267 Skipped: 5



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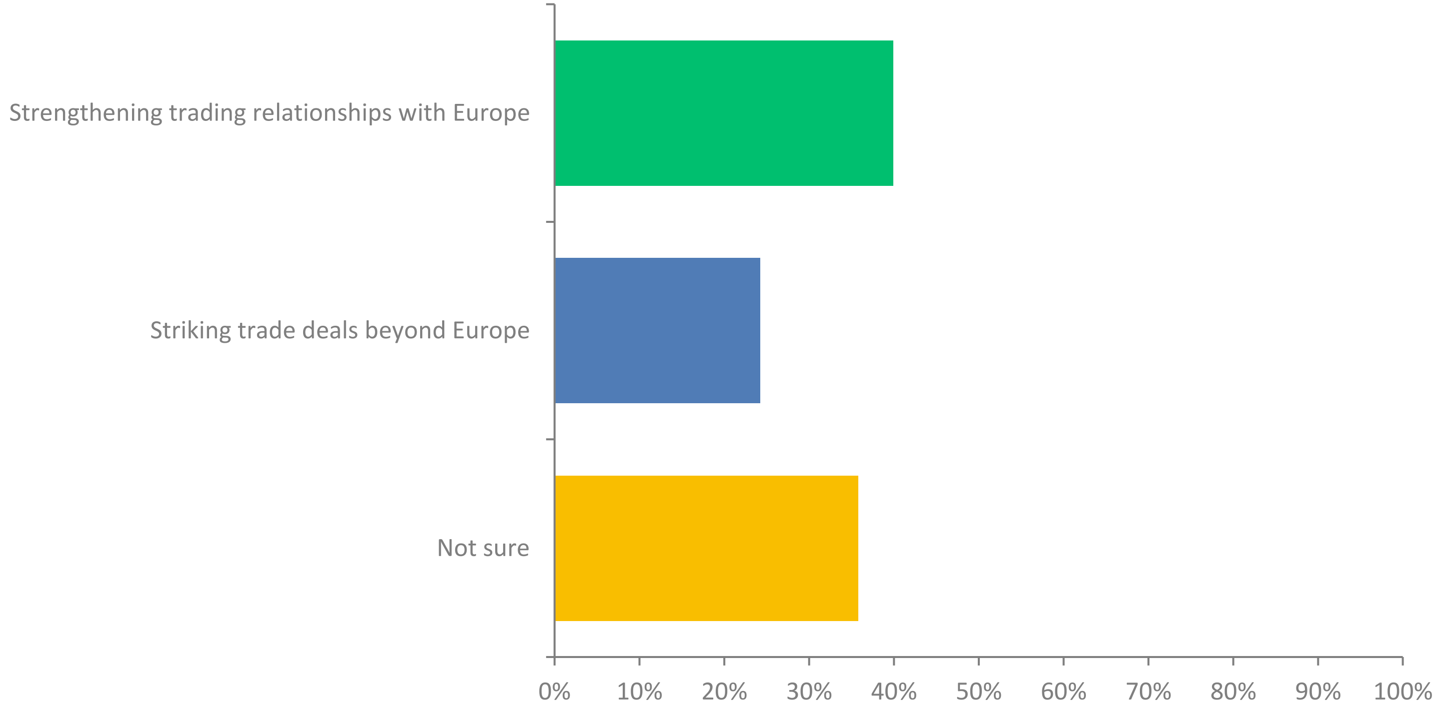
Q11: Do you anticipate supply-chain costs will rise in the next 12 months?

Answered: 267   Skipped: 5

ANSWER CHOICES	RESPONSES	
Yes	88.39%	236
No	5.99%	16
Not sure	5.62%	15
TOTAL		267

Q12: What is more important right now?

Answered: 268 Skipped: 4



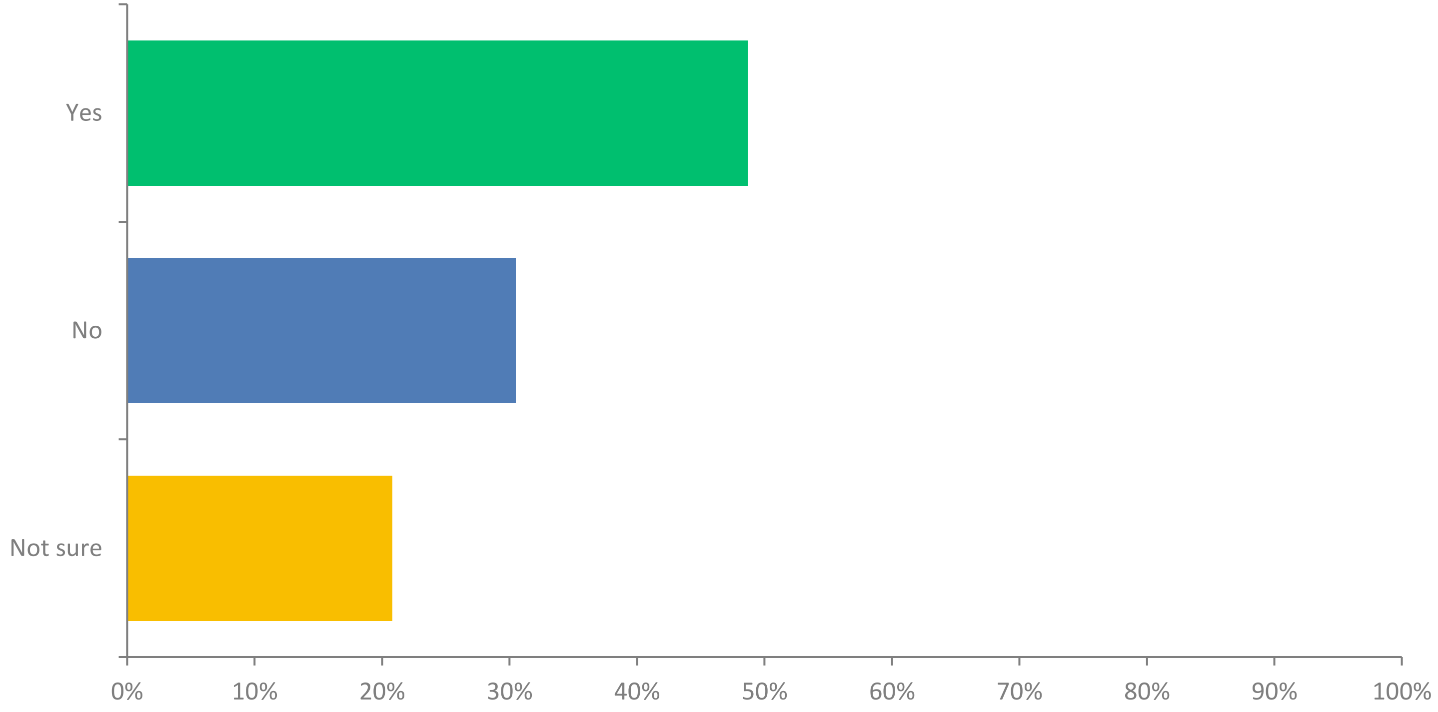
Q12: What is more important right now?

Answered: 268 Skipped: 4

ANSWER CHOICES	RESPONSES	
Strengthening trading relationships with Europe	39.93%	107
Striking trade deals beyond Europe	24.25%	65
Not sure	35.82%	96
TOTAL		268

Q13: Should the UK rejoin the Customs Union?

Answered: 269   Skipped: 3



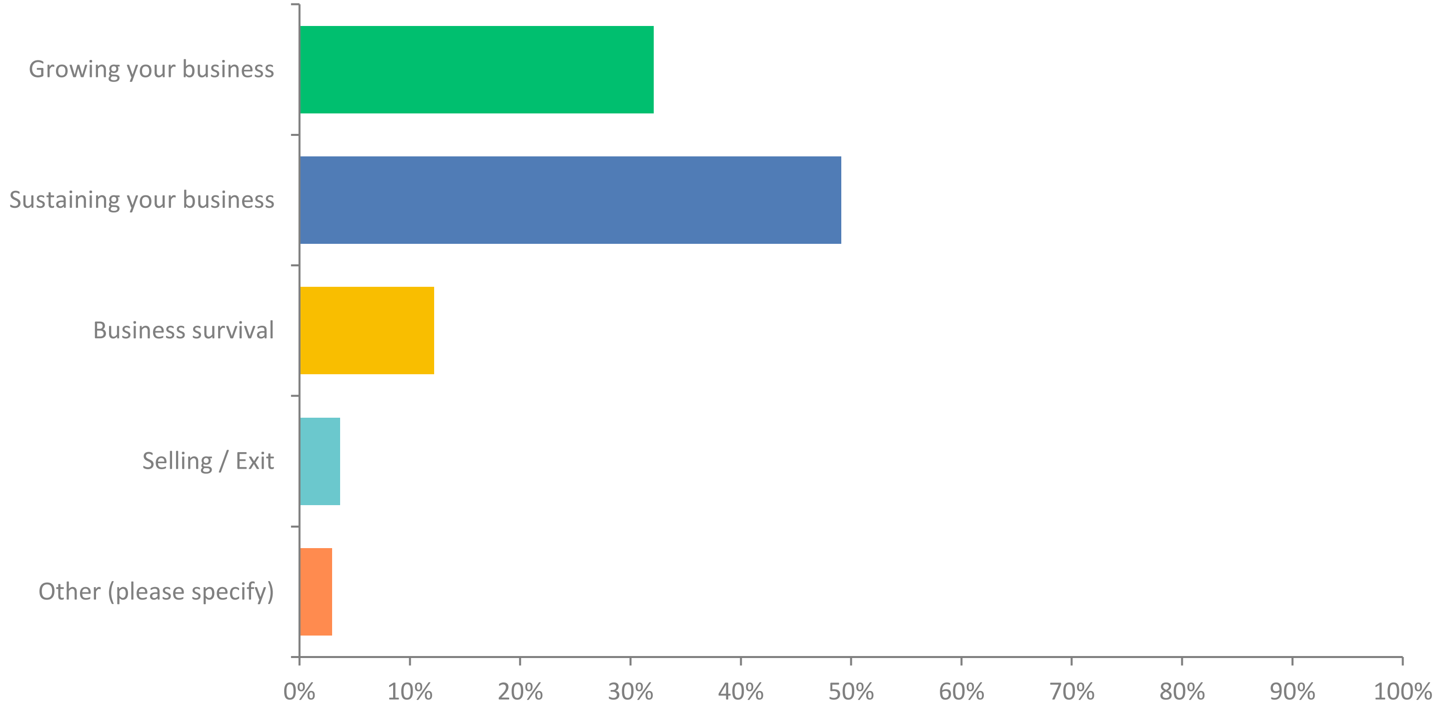
Q13: Should the UK rejoin the Customs Union?

Answered: 269 Skipped: 3

ANSWER CHOICES	RESPONSES	
Yes	48.70%	131
No	30.48%	82
Not sure	20.82%	56
TOTAL		269

Q14: What is likely to be your main priority over the next 3-6 months?

Answered: 271 Skipped: 1



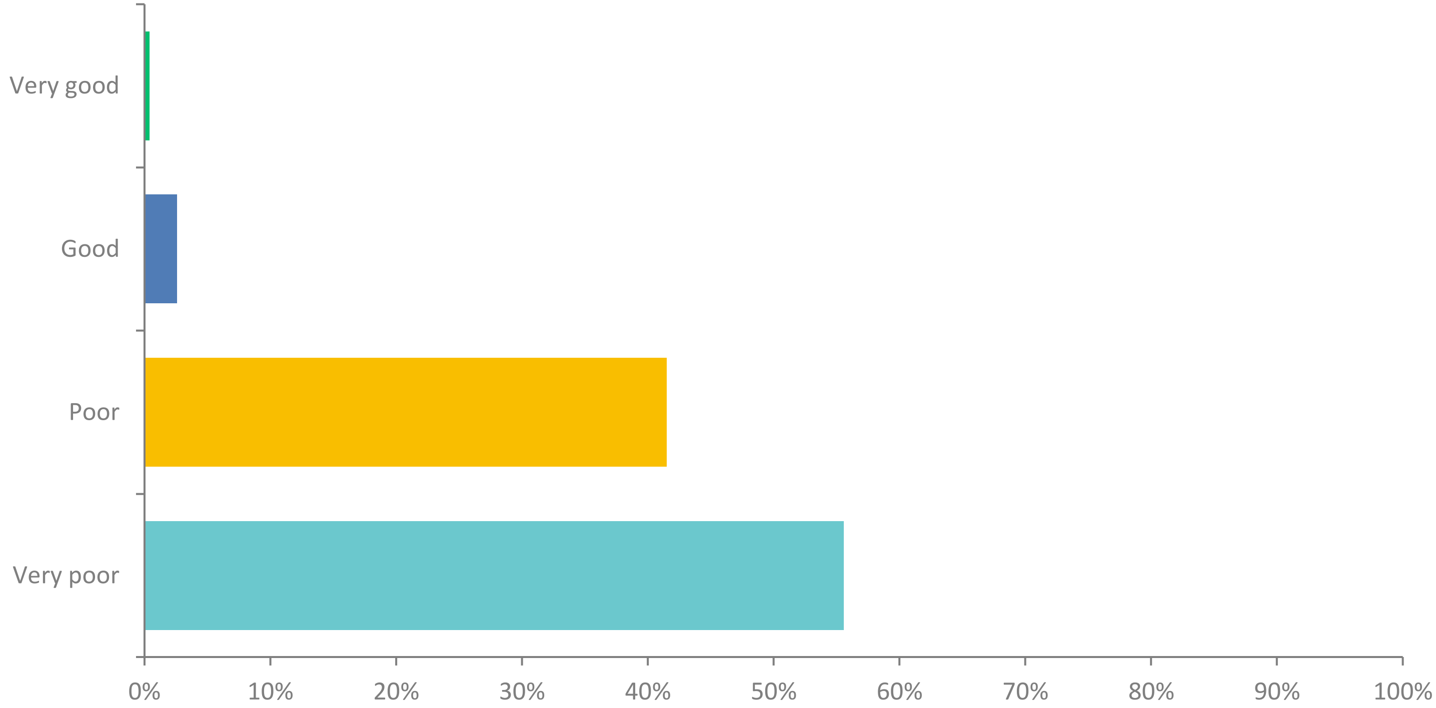
Q14: What is likely to be your main priority over the next 3-6 months?

Answered: 271 Skipped: 1

ANSWER CHOICES	RESPONSES	
Growing your business	32.10%	87
Sustaining your business	49.08%	133
Business survival	12.18%	33
Selling / Exit	3.69%	10
Other (please specify)	2.95%	8
TOTAL		271

Q15: How would you rate current Government support to the Owner Managed Sector?

Answered: 270 Skipped: 2



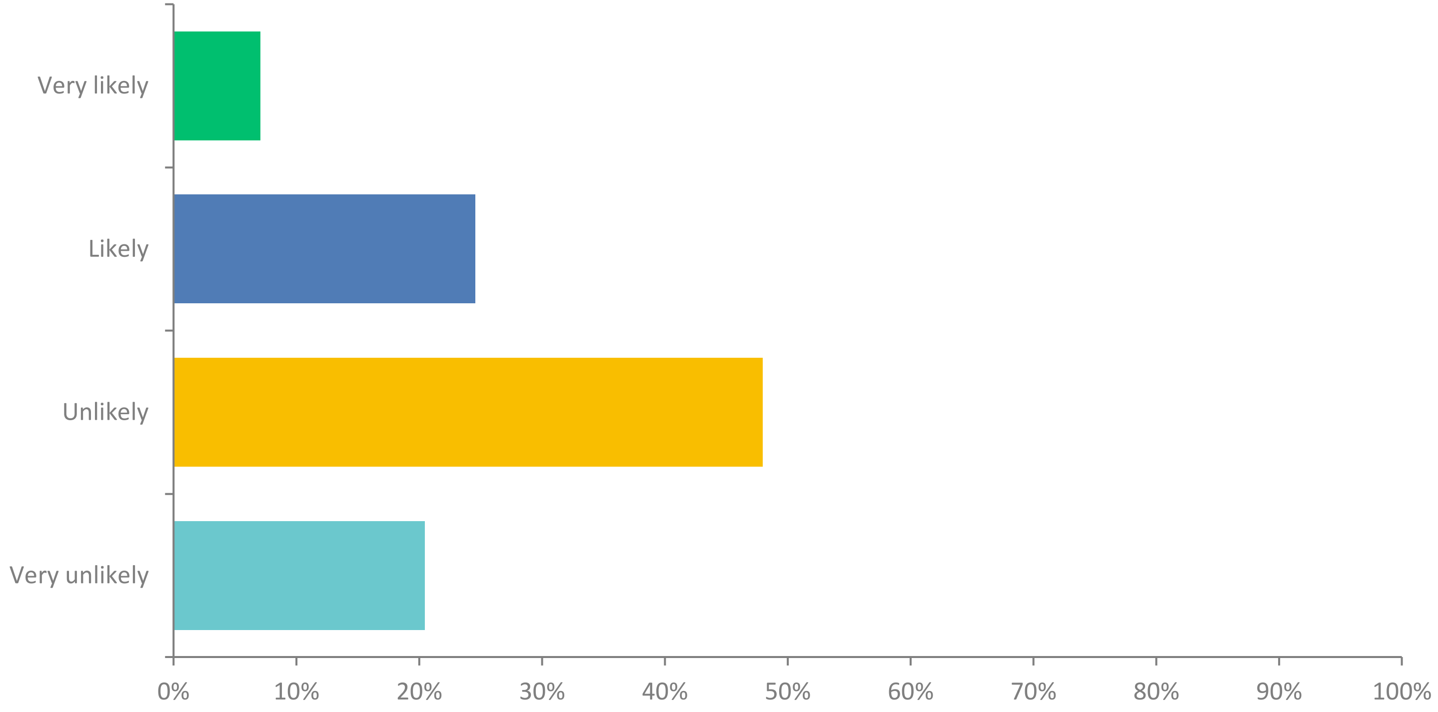
Q15: How would you rate current Government support to the Owner Managed Sector?

Answered: 270 Skipped: 2

ANSWER CHOICES	RESPONSES	
Very good	0.37%	1
Good	2.59%	7
Poor	41.48%	112
Very poor	55.56%	150
TOTAL		270

Q16: How likely are you to make significant capital investment in your business over the next 12 months?

Answered: 269 Skipped: 3



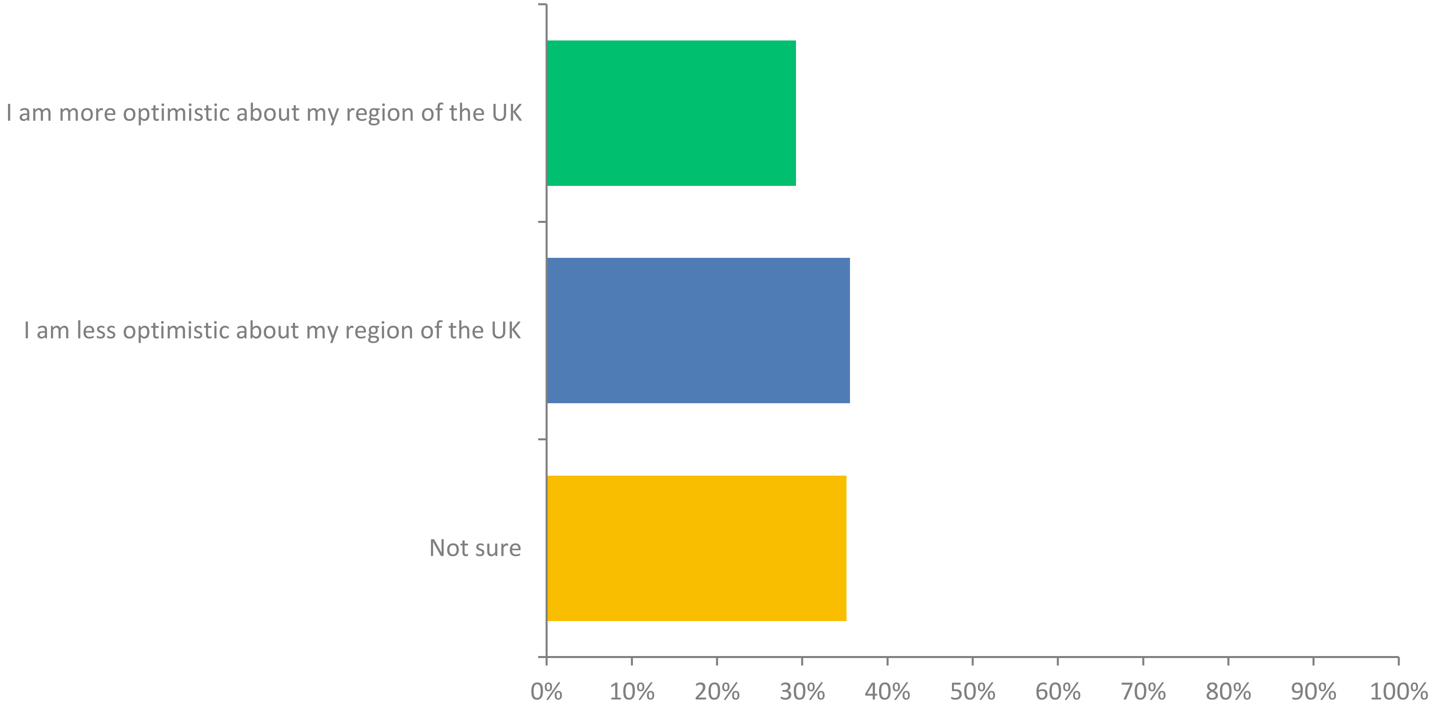
Q16: How likely are you to make significant capital investment in your business over the next 12 months?

Answered: 269 Skipped: 3

ANSWER CHOICES	RESPONSES	
Very likely	7.06%	19
Likely	24.54%	66
Unlikely	47.96%	129
Very unlikely	20.45%	55
TOTAL		269

Q17: How optimistic are you about the region of the UK where your business is headquartered relative to other regions across the UK?

Answered: 270 Skipped: 2



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Q17: How optimistic are you about the region of the UK where your business is headquartered relative to other regions across the UK?

Answered: 270 Skipped: 2

ANSWER CHOICES	RESPONSES	
I am more optimistic about my region of the UK	29.26%	79
I am less optimistic about my region of the UK	35.56%	96
Not sure	35.19%	95
TOTAL		270

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